

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice PF-111

For: State and County Offices

Issuing FY 1999 Final PFC Payments

Approved by: Deputy Administrator, Farm Programs



1 Overview

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Background

The Federal Agriculture Improvement and Reform Act of 1996 (1996 Act), Pub. L. 104-127, provides that, "An annual contract payment shall be made not later than September 30 of each of fiscal years 1996 through 2002".

The Emergency Farm Financial Relief Act (EFFR) provided producers with options to receive FY 1999 PFC payments as two 50 percent payments or one 100 percent payment at such time that the owner or producer specified during the FY.

County Release No. 392, released to County Offices on October 15, 1998, contained software modifications to the 1999 PFC payment software that incorporated the requirements of the EFFR Act.

During previous PFC payment cycles, the regular and special payment processes have remained enabled past the applicable statutory deadline because County Offices were not familiar with the new processes and deadlines.

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Purpose

This notice:

- reminds County Offices:
 - of the requirements for issuing FY 1999 final PFC payments
 - of processes that must be completed to ensure PFC payments are processed accurately and timely

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Disposal Date

January 1, 2000

7-27-99

Distribution

State Offices; State Offices FAX to County Offices

Notice PF-111

1 Overview (Continued)

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Purpose (Continued)

- that the regular and special PFC payment processes will be disabled on October 1, 1999
 - advises State and County Offices of:
 - how the FY 1999 PFC payment software will function after August 1, 1999
 - actions that **shall be taken** to ensure that all payments are processed before the September 30, 1999, statutory deadline.
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Special Instructions

State Offices shall FAX this notice to County Offices **immediately** upon receipt.

2 1999 PFC Payment Software

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Introduction

The EFFF Act provided producers with the option to receive FY 1999 PFC payments in increments of the following:

- two 50 percent payments
- one 100 percent payment.

The EFFF Act did not provide FSA with the authority to issue FY 1999 PFC payments after September 30, 1999. Therefore, due to the mandates of the 1996 Act, the regular and special payment processes will be disabled on October 1, 1999. Even though the regular and special payment processes will be disabled on October 1, workload that traditionally delayed PFC payment processing should not be a factor in 1999, since the PFC payment software has been enabled throughout the FY which:

- allowed producers to receive PFC payments at such time that the producer specified during the FY
 - distributed workload over the FY instead of placing a heavy burden on County Offices at the end of the FY.
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2 1999 PFC Payment Software (Continued)

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1999 Final Payment Processing

The 1999 PFC regular and special payment processes were designed to issue:

- the first 50 percent of the annual PFC payment when an “A” is entered in the “Payment Indicator” field in the PFC worksheet process
- 100 percent of the annual PFC payment, minus payments previously issued, when an “F” is entered in the “Payment Indicator” field in the PFC worksheet process.

The PFC payment process was designed to default to a “final” payment mode after August 2, 1999. As a result, County Offices are not required to enter an “F” in the PFC worksheet “Payment Indicator” field in order to issue remaining PFC payments. The system will automatically issue 100 percent of the annual PFC payment, minus payments already issued, after August 2, 1999, for producers with either of the following in the PFC worksheet “Payment Indicator” field:

- “A” indicating that the producer has only designated that the first 50 percent payment should be issued
 - “N” indicating that the producer has not designated when any PFC payments shall be issued.
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Prepayment Register

Many State Offices have inquired as to when the PFC prepayment register will be enabled for 1999. The prepayment register is **not** being implemented for 1999.

Since the PFC payment software has been enabled throughout the FY, County Offices shall use the nonpayment register to identify all conditions preventing producers from being paid.

Reminder: If a payment is reduced due to payment limitation, the reduction will be printed on the pending payment register. However, if the entire payment is not issued due to payment limitation, that payment will be listed on the nonpayment register.

3 Contract Processing, Succession-in-Interest, and FAV Reductions

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CCC-478B/ CCC-478 Status Report

The PFC nonpayment register identifies farms approved for payment with nonpayment conditions but does not identify farms that are not approved for payment. However, the CCC-478B/CCC-478 Status Report indicates the status of a contract to identify action that may need to be taken on a particular farm.

1-PF requires that the CCC-478B/CCC-478 Status Report be printed:

- before processing PFC payments
- as many times as necessary to ensure all PFC payments are issued timely.

County Offices shall generate the CCC-478B/CCC-478 Status Report for all status categories as many times as necessary to ensure that the status for each farm is recorded properly in the system. See 1-PF:

- paragraph 668 for a description of each code used on the report
 - paragraph 669 to generate the report.
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Successions-in- Interest

County Release No. 397 included the software to record full and partial successions-in-interest.

In FY 1998, partial successions had to be loaded in the system then computed after the final payment rates were downloaded. Unlike the process used for 1998, partial successions-in-interest are computed at the time they are loaded for FY 1999 because the final payment rates have been available throughout the FY. When a partial succession-in-interest is loaded, the system computes payment adjustments, based on final payment rates.

For partial successions-in-interest, if the predecessor's earned annual payment is:

- greater than payments already issued to the predecessor, then the payment adjustment amount is zero
 - less than payments already issued to the predecessor, payment adjustments will be computed based on the predecessor's unearned payment amount and the succession share recorded for each successor.
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3 Contract Processing, Succession-in-Interest, and FAV Reductions (Continued)

B Successions-in-Interest (Continued)

County Offices shall ensure that payment adjustment amounts are computed properly for any succession-in-interest before processing PFC payments. Review the Succession-in-Interest Report and 2-PF, Part 12.

Reminder: For FY 1999, reconstitutions are not allowed on **any** farm in which PFC payments have been issued. As a result, the manual succession-in-interest software option has not been enabled.

As in previous years, payment adjustments for full successions-in-interest are computed when the succession is loaded in the system, based on the amount of the predecessor's payment.

C FAV Acre-for-Acre Payment Reductions

Similar to the succession-in-interest software, the APR software was released early in the FY to provide County Offices with the capability to record the number of contract acres planted to FAV.

County Offices shall ensure that all FAV acre-for-acre payment reductions are recorded in the system according to 4-CP, then process "final" payments. If 100 percent of the annual PFC payment has already been issued to the producer and a FAV acre-for-acre payment reduction is subsequently recorded, County Offices shall:

- compute the overpayment according to 2-PF, Part 8
- immediately transfer the overpayment to the common receivable system (CRS) and notify the producer of the debt
- **not** wait until October 1 to transfer the overpayment to CRS if 100 percent of the producer's annual payment has been issued.

Note: In previous years, some County Offices did not process the final payment to producers with known FAV acre-for-acre reductions. As a result, the payment reduction was not applied properly and authorization codes had to be issued to satisfy the producer's FAV reduction. County Offices shall ensure that 100 percent of the producer's annual payment has been issued to the producer with the applicable payment reductions.

4 Subsidiary File Updates

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Introduction

The vast majority of the reasons PFC payments have not been issued timely are the result of the subsidiary files not being updated timely, especially for multi-county producers.

There are a variety of tools available to assist County Offices in identifying problematic situations before PFC payment processing begins. These tools are identified in this paragraph.

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Upload/ Download Reports

Many County Offices have expressed concerns that delays in the subsidiary upload/download process are preventing PFC payments from being issued. However, to date, very few actual problems in the upload/download process have been identified, and those involve unique situations.

The typical upload/download cycle can take anywhere from 7 days to 2 weeks. Every time an upload is queued and a download is received, a series of reports automatically print, providing subsidiary information. County Offices shall use these reports to identify problematic situations.

Example: Producer A participates in Counties A and B. In 1999, the producer notifies County C that he is operating FSN 100. County C updates the name and address, farm/tract, and worksheet and share files and has the producer sign CCC-478.

10 days later, County C receives a download report showing a \$20,000 payment limitation allocation in both Counties A and B with \$0 allocated to County C.

County C shall:

- immediately contact the control county to request that money be allocated to County C
- follow up on the request, and if necessary, contact the State Office for assistance, if the allocation is not received promptly
- **not** wait until payment processing to notify the control county that a payment limitation allocation is needed.

See 2-PL for a full description of all the upload/download reports generated during SOD and EOD.

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4 Subsidiary File Updates (Continued)

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**Payment
Limitation
Allocations**

In 1998, a query was developed to assist County Offices in identifying multi-county producers whose payment limitation allocation was insufficient to cover PFC payments earned by the producer in each county. This query **will not** be distributed for FY 1999 payment processing.

The pending and nonpayment registers identify producers that will not be paid during payment processing because of an insufficient payment limitation allocation.

- The pending payment register lists payments issued, along with payment reductions, for crops that are only partially paid because the producer reached the maximum payment limitation on that crop payment.
- The nonpayment register lists crops that cannot be paid at all because the producer has already reached the payment limitation.

County Offices shall review pending and nonpayment registers to identify producers whose payments have been reduced or not issued because the payment limitation has been reached.

5 County Office Action

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Meeting the September 30 Deadline

To meet the deadlines established for final payments, County Offices shall begin processing **all** 1999 final PFC payments on August 3, 1999. County Offices **shall not wait** until September to process 1999 final payments, even if producers specifically requested that the payment be issued in September.

Payments can be processed:

- by farm
 - by producer
 - for a range of farms
 - randomly, by selected farms
 - for all farms.
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Successions-in- Interest

County Offices shall:

- ensure that all successions-in-interest are loaded in the system according to 2-PF, Part 12
 - if necessary, cancel the succession and re-record it properly to ensure the producer's earned payment is calculated properly
 - issue additional payments to predecessors and successors, as necessary
 - compute and transfer overpayments to CRS, as necessary.
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5 County Office Action (Continued)

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FAV Acre-for-Acre Payment Reductions

County Offices shall ensure that the number of contract acres planted to FAV are recorded in the APR software and computed according to 4-CP.

If 100 percent of the annual PFC payment has been issued to the producer and a FAV acre-for-acre payment reduction is subsequently recorded or an overpayment is determined, County Offices shall:

- compute the overpayment according to 2-PF, Part 8
 - immediately transfer the overpayment to the common receivable system (CRS) and notify the producer of the debt
 - **not** wait until October 1, 1999, to transfer the overpayment to CRS if 100 percent of the producer's annual payment has been issued.
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6 SED Responsibilities

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Ensuring Payments Are Issued Timely

In previous years, County Offices were required to submit prepayment registers, with DD signatures and explanations, to the State Office to ensure that subsidiary files are updated timely. Even with these efforts, County Offices still indicated they were not able to get other County Offices to update subsidiary files.

SED's:

- are responsible for:
 - providing oversight and guidance on AMTA
 - ensuring that all efforts are made to issue PFC payments timely
- **shall take all steps necessary to ensure that 1999 final PFC payments are issued by September 30, 1999, to be in compliance with the statute.**

Note: Since the prepayment register is not available for FY 1999, State Offices may want to review pending and nonpayment registers to ensure payments are processed timely.

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6 SED Responsibilities (Continued)

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**Authorized
Payment
Processing**

The authorized payment process is not intended to be an alternative to the regular and special payment processes. Since 1996, the number of authorization requests have declined, however there are still too many cases being submitted to the National Office. County Offices are expected to issue all PFC payments through regular and special payment processing by the September 30, 1999, statutory deadline. Exceptions to this provision apply to cases of:

- disputed shares
- pending bankruptcies and appeals.

Unfortunately, the vast majority of the cases being submitted are for the following types of cases:

- misaction/misinformation where producers did not meet program requirements because of County Office error
- County Office failure to update subsidiary files timely so that other County Offices receive the subsidiary download in time to issue PFC payments
- County Offices canceling PFC payments that have been issued to the producer and negotiated that must be re-entered in the system for fiscal tracking purposes.

Requesting authorization codes is a time consuming process at all levels of the Agency. As a result, the resources dedicated to reviewing requests for authorization codes are prevented from completing other priorities.

SED's shall take all steps necessary to ensure that FY 1999 final PFC payments are issued by the September 30, 1999, statutory deadline except for cases of disputed shares, pending bankruptcies, and appeals. This will alleviate the burden placed on County Offices, State Offices, and the National Office.
